

upon the amount, for it was not intended to foster their development, A banker who ceased to issue his own notes was not permitted to resume the issue, and if two or more banks became united and the number of partners of the united bank exceeded six their power of note issue was to cease. The country bankers were required to permit their books to be inspected by a government officer, but this was apparently to prevent an excess of issue rather than to afford any other sort of security to the public. The country banks have been slow to leave the field, as the figures of their circulation demonstrate. Fifty-six private banks were still issuing £2,220,048 and 35 joint stock banks were still issuing £1,974,202 in notes at the beginning of 1896; but by 1908 the number had fallen to 12 private banks and 14 joint stock banks, with issues respectively of £482,744 and £912,308. These notes were not made legal tender and the banks were not required to publish accounts.

The operation of the Bank Act of 1844 was put to an early test by the crisis of 1847 and the result was a complete failure upon two essential points. The operation of the act neither prevented the speculation which is the cause of panics, nor reduced the issue of notes to correspond with the export of gold. Inquiries were made by both the House of Commons and the House of Lords, at the meeting of Parliament after the panic and the friends of the Act of 1844 made an earnest effort to rescue it from the discredit which the panic had cast upon it. The committee of the House of Commons reported in favor of continuing the act in effect, but the House of Lords' committee spoke in severe terms of its operation. The failure of the act in the important respect of preventing commercial convulsions was frankly admitted in the debate in the Commons by Sir Robert Peel. It had neither "put a check on improvident speculation/' in the language of the Lords' committee, nor afforded "security against violent fluctuations in the value of money/* The law was framed to arrest commercial expansion by limiting the means for carrying on commercial transactions. It failed absolutely in this object, because such operations can